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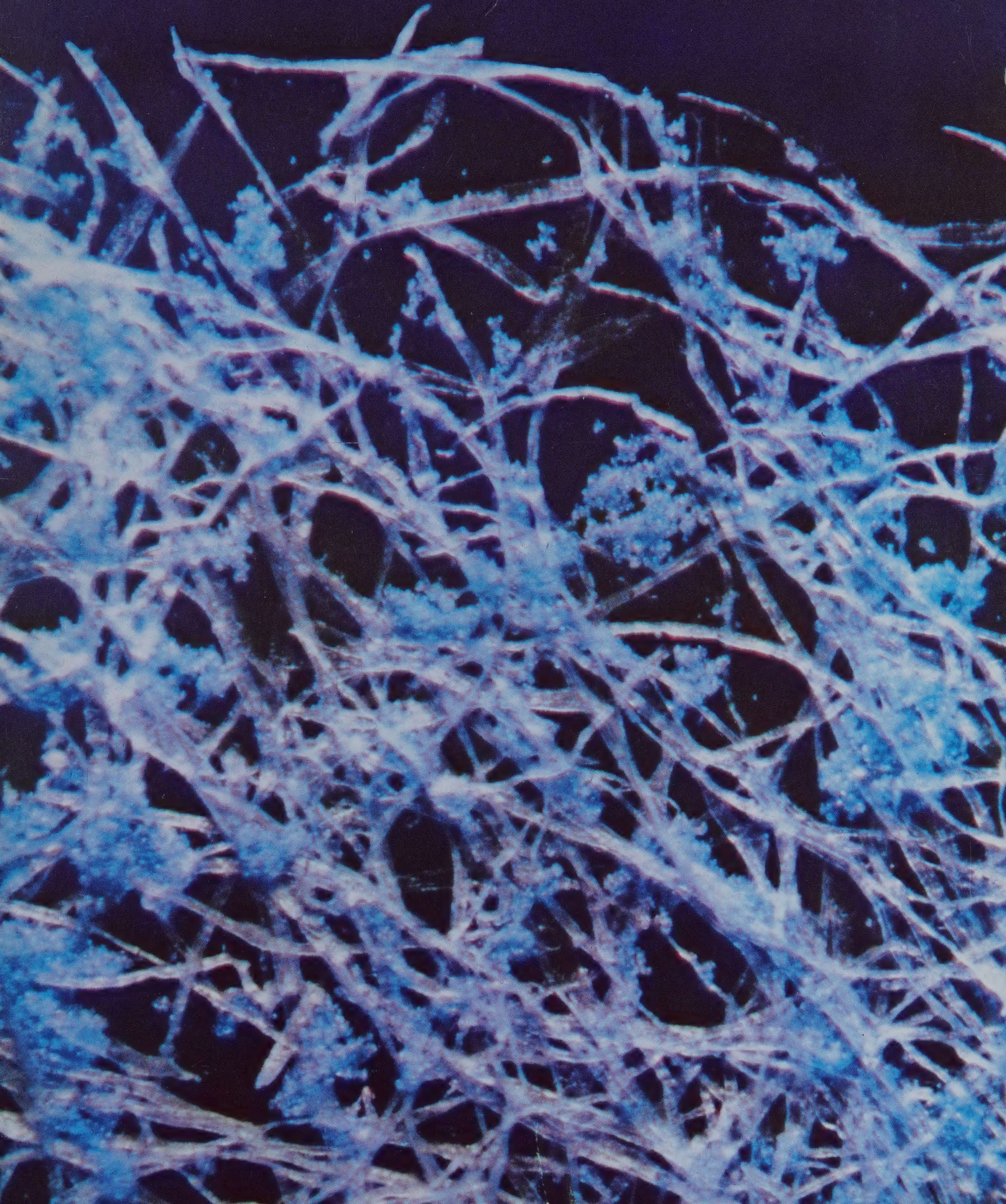
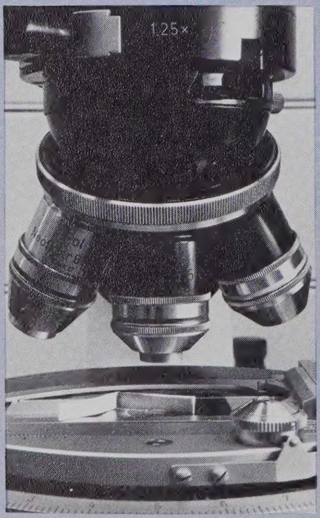
National Starch and Chemical Corporation

Annual Report 1975





The Cover

Photomicrograph shows plastic filler (light blue) attached to cellulose fibers by the electrochemical charge of National's Cato® starch. This illustrates one use of Cato in papermaking.

The paper stock used in this report contains a number of National's specialty products.

Financial Highlights

	1975	1974
Net sales	**$282,223,505**	$274,716,743
Income before taxes from consolidated operations	**$ 31,506,311**	$ 29,570,549
Income after taxes from consolidated operations	**$ 16,722,455**	$ 16,071,196
Equity in net earnings of foreign joint ventures	**$ 1,779,955**	$ 2,272,543
Net income	**$ 18,502,410**	$ 18,343,739
Depreciation	**$ 6,623,955**	$ 6,026,503
Capital additions	**$ 19,145,332**	$ 20,761,770
Property (net)	**$ 91,369,401**	$ 80,578,333
Cash dividends on common stock	**$ 5,210,739**	$ 4,870,252
Common shareholders' equity	**$130,425,304**	$116,086,362
Net income per share of common stock—primary	**$ 2.84**	$ 2.82
—fully diluted	**$ 2.78**	$ 2.82
Cash dividends per share of common stock	**$ .80**	$ .76
Shareholders' equity per share of common stock	**$19.94**	$17.85

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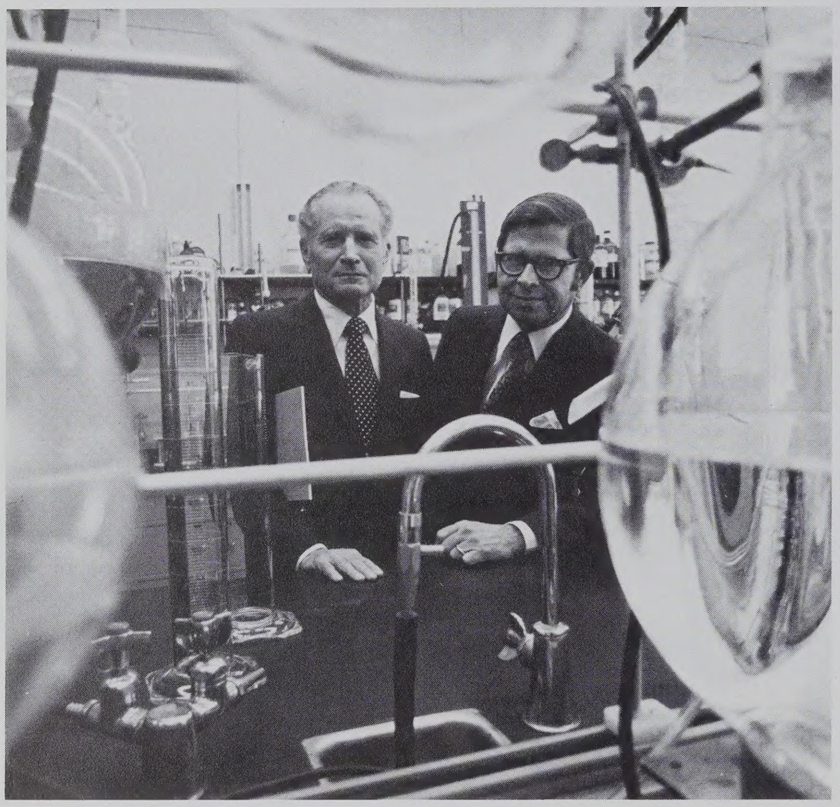
To Our Shareholders



Donald D. Pascal (left) and Carlyle G. Caldwell.

It is gratifying that a record fourth quarter permits us to report that 1975 was a year of continued, although slight, progress. That we achieved even a small increase in sales and earnings in a year of marked recession demonstrates the basic strength and energy of our company.

U.S. operations improved substantially in the last half of 1975, reflecting not only the higher physical volume resulting from a better economy, but also the effects of cost controls and higher productivity. Foreign operations, which had been relatively strong in the first half of 1975, fell in the second half as economies began to lag in other countries. For the full year, U. S. earnings increased substantially from 1974, while foreign earnings declined from their unusually high 1974 levels. Recovery in foreign sales and earnings is expected to follow an anticipated general economic recovery abroad in 1976.

One of the ways in which we grow faster than the economy is by way of new products and markets. To support this, we continue our research and development investments with particular emphasis on more sophisticated technology and careful selection of projects. Expenditures for research and development, as now more narrowly defined by the Financial Accounting Standards Board (e.g. excluding product improvements, etc.), were $5,796,000 in 1975, an increase of about 7 percent over 1974. Some of our new products and applications are described in the "Product Review" section following this letter.

We continue our policy of adding small acquisitions and joint ventures which are related to our technological and market abilities, in order to provide bases from which we can grow in new markets. In 1975, a joint venture to manufacture specialty starches in Brazil became operational and in January, 1976, we formed an adhesive-resin joint venture in Iran. In the U.S., we acquired Permabond International Corporation, adding a cyanoacrylate adhesive capability for the first time.

Capital expenditures in 1975 were $19.1 million, close to the 1974 figure of $20.8 million, and reflected, to a considerable extent, inflated

costs of construction and equipment as well as the cost of the Bridgewater facility. It is anticipated that 1976 capital expenditures will be down from 1974-75 levels.

We continued to add to our marketing strength and to make organization changes appropriate to changing market needs. Training was intensified, particularly at high and middle levels, to provide assurance of competent management succession.

We are mindful of the importance of our social obligations and continue to work for improvements in providing for equality of opportunity, employee and consumer health and safety and the protection of our environment. Much of our research and development work relates to customer needs in these latter areas.

As anticipated, the move into our new executive offices and technical center at Bridgewater, New Jersey, was completed in 1975. We are now pretty well established and the expenses associated with this move are substantially behind us. More important, the improved communication and general effectiveness resulting from this move are evident and growing.

In July, in order to replace short and intermediate-term bank debt and to provide for future growth, we issued $25 million of subordinated convertible debentures, maturing in 2000, paying 5¾% interest, and convertible at $47⅝ per share. This, together with a sizeable inventory reduction and the private placement of $1,750,000 in 7% Meredosia pollution control tax exempt bonds, left us in a strong cash position at year-end.

We were very pleased by the addition to our Board of Directors on February 9, 1976, of Mr. Frederick L. Bissinger, until recently Vice Chairman of Allied Chemical Corporation. Mr. Bissinger's demonstrated ability and long experience in the chemical industry represents a strong addition to our Board.

Reflecting recent earnings levels, the Board of Directors, on February 9, 1976, declared a quarterly cash dividend of 22 cents per share, a 10 percent increase over the 1975 quarterly rate.

Current indications are for a relatively good business climate in 1976. Hopefully, the seeds we have been planting will grow well in this bicentennial year.

Once again, we give thanks to all of our people, wherever they are and whatever their responsibilities, for a fine performance under difficult circumstances. We know they are looking eagerly to the opportunities which lie before us.

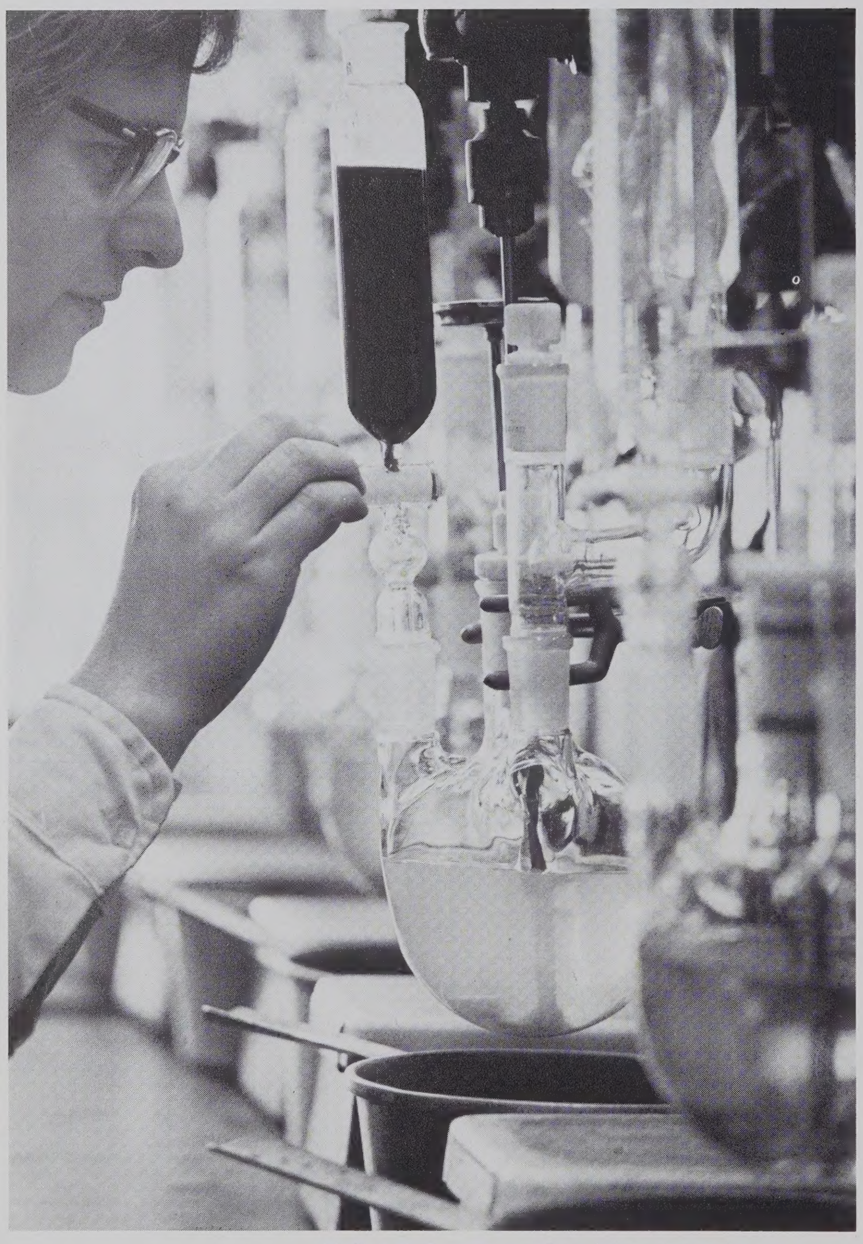
Donald D. Pascal

Donald D. Pascal
Chairman of the Board

Carlyle G. Caldwell

Carlyle G. Caldwell
President

March 1, 1976



National chemist monitors laboratory preparation of synthetic polymer.

National is a specialty company, developing, manufacturing and selling industrial products and food intermediates. Our industrial products consist of synthetic chemicals and natural polymers. Our products for the food industry involve not only a knowledge of food chemistry but, particularly in the case of starches, depend also on the genetic modification of corn, the underlying raw material. Thus the use of many different technical disciplines is basic to our business.

In order for these technical skills to be useful to the industries we serve, our people must know both the manufacturing and marketing problems of our customers. Traditionally, these customers have faced and continue to face constant changes in economic conditions, competition, raw materials, inflation, etc., and now increasingly must cope with new constraints aimed at protecting the environment and improving employee and product safety. Most important, they are, as always, seeking new methods of processing and new products to offer their customers. It is from these changes that most of our opportunities arise for the development of new and improved products and the introduction of new product applications.

In what follows we have described some product innovations and trends which occurred in 1975 but it is important to note that these are only a few of the many product developments, product improvements and new application techniques which we initiate each year. The following selection is meant to be representative, to illustrate the process we have just described, and to indicate our flexibility and diversity; and perhaps, in cumulative effect, to demonstrate our potential for continuing future growth.

Pressure Sensitive Adhesives

For many years, National has supplied pressure-sensitive adhesives to manufacturers of wallcovering, labels and decals. These adhesives are formulated from a variety of chemicals to enhance and control the level of tack, and the degree of final adhesion required for the specific end-use. For the most part, they have consisted of vinyl polymers in solvent solution.

Anticipating possible regulations restricting solvent emissions to the atmosphere, we developed two adhesive types that eliminate such emissions.

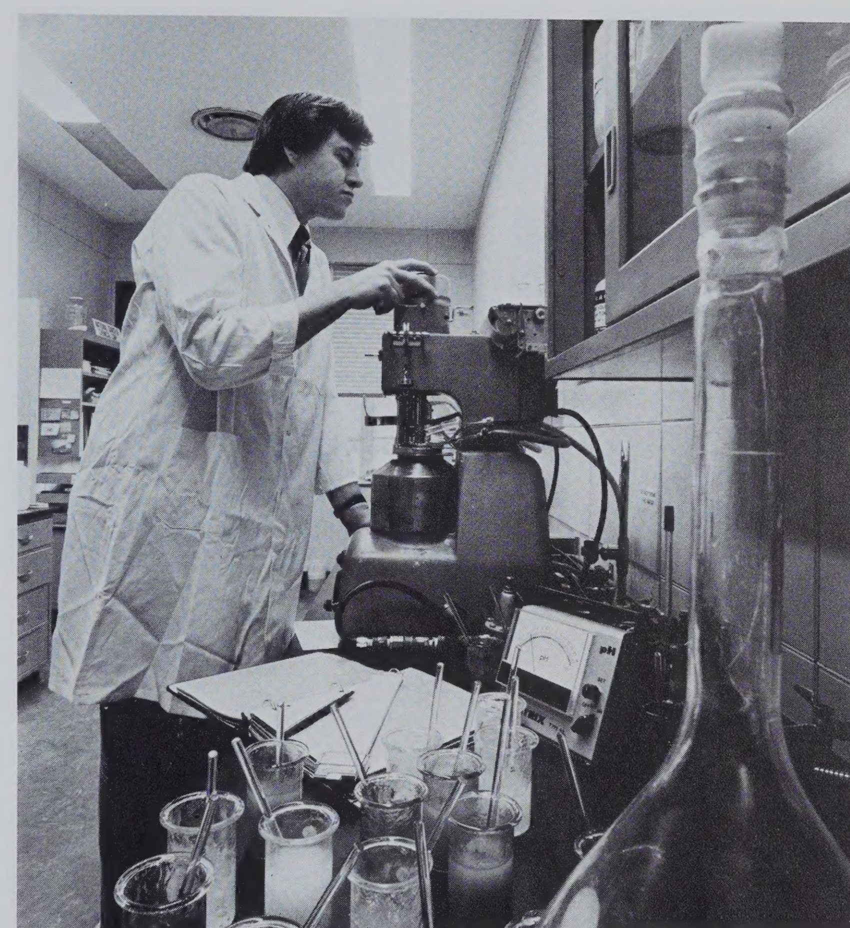
One type is supplied in water emulsion form instead of solvent. It provides a high level of shrink resistance and other critical end-use performance requirements, even after extensive aging. Additionally, it nearly doubles the production speeds attained with solvent system adhesives.

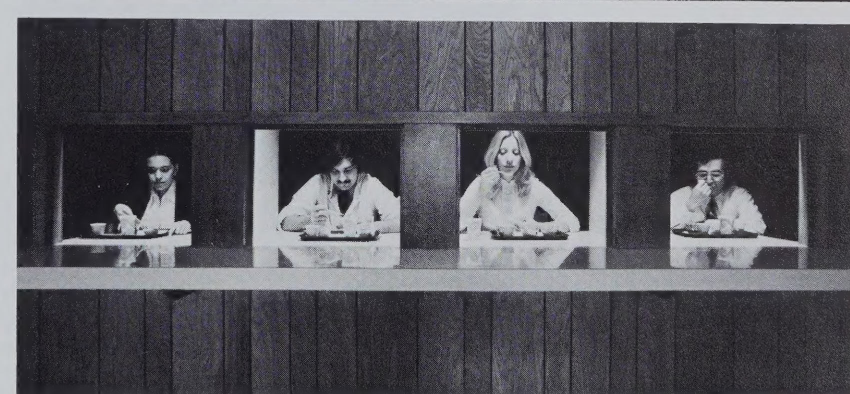
The other non-solvent adhesive type is a 100 percent solids, hot melt adhesive, which also increases production speeds, while eliminating the need for costly space- and energy-consuming drying ovens.

Insulation Adhesives

Another solvent-free adhesive, one that also reduces flammability, was developed for insulation products. Bondmaster® K 800 is used by the appliance industry to bond lightweight insulation materials to a variety of surfaces at production-line speeds. It combines the characteristics of fast drying, quick grab and stable sprayability previously provided only by solvent systems.

An unusual insulation adhesive is now in use in the trans-Alaska pipeline. National's product was specified by Owens-Corning Fiberglas Corp., the project's mainline insulation supplier. Our adhesive, which must cope with temperatures ranging from –80°F to 90°F, is used to bond fibrous glass insulation to the 389-mile aboveground portion of the pipeline. The insulation prevents the heat generated by the flow of oil through the pipe from escaping and damaging the underlying permafrost. It also slows the rate of oil cooling in the event of winter pipeline shutdown.





Senior technician (above) examines viscosity development characteristics of one of National's food starches by means of a visco-amylograph.

Members of the company's taste test panel (below) evaluate the effect of one of our ingredients on the flavor of a finished food.

Electronics
Our high technology Ablestik® adhesives entered a significant new market in 1975 with strong consumer demand for digital watches. These adhesives are used extensively in both liquid crystal display (LCD) and light emitting diode (LED) watches. The glass plates which contain the liquid crystal are bonded, sealed and spaced with a non-contaminating, very thin Ablefilm® "picture frame" preformed adhesive produced on 0.0005 inch polyester film. The clear or red transparent watch crystals are bonded into the watch cases with Ablestik film or liquid adhesives while silver-filled electrically conductive adhesives bond the integrated circuits used to light the displays.

Vanguard® Adhesives
Technology does not stand still even in such basic applications as case and carton sealing, glued lap in corrugated containers, etc. The Vanguard line, a new family of more economical synthetic liquid adhesives, was introduced to meet the requirements of new high speed equipment installed by our customers in recent years.

Corrugating Adhesives
Last year we introduced new technology which is based on a new concept of how the starch-based adhesive actually works on corrugated board. Explained simply, a component previously thought to be only the carrier within the adhesive system has proved to be the bonding component.

Working along these lines, Vinamyl® II was developed to replace our older Vinamyl. Like its predecessor, it is based on high-amylose starch but is produced by a new, more efficient process which permits significant cost savings to be passed on to customers with no sacrifice in either production speed or bond quality.

An improved version of Dacrez,® one of our synthetic products used with Vinamyl to produce a water-resistant adhesive bond for corrugated board, was made possible in 1975 when we made a significant advance in condensate resin technology for this market.

New Adhesive Areas
Two relatively new and highly interesting areas are cyanoacrylate adhesives and anaerobic adhesives and sealants. Cyanoacrylates are extremely fast-setting, high performance adhesives that are particularly well-suited to the bonding of small components. Anaerobic adhesives and sealants are unique, high strength compositions, and, as the name implies, set or polymerize spontaneously in the absence of air. They are widely used to lock, seal, retain, and bond mechanical assemblies to prevent loosening and leakage. We acquired a strong cyanoacrylate capability in 1975 with the purchase of Permabond International Corporation and its manufacturing affiliate. In the field of anaerobics, the first of several patents applied for was issued in 1975. Both of these areas seem to offer considerable opportunity for further development and growth.

Fiberglass
In 1975, the company added two new products to its line of specialty textile resins used as forming sizes in the production of glass fiber.

The first of these is a unique polyvinyl acetate homopolymer that combines high strand integrity with rapid glass fiber wetting and clarity of glass fiber reinforced plastics. This combination has helped manufacturers expand the use of such glass fiber–reinforced plastics in interior and exterior automotive parts and interior housing components.

The second product, an acetate/acrylate copolymer, is characterized by compatibility with a broad range of polyester plastics and is playing a key role in the increased use of glass

fiber in the reinforcement of the newer corrosion-resistant polyester plastics.

Textile Warp Sizing

We have long supplied high performance specialty starches for warp sizing for the manufacture of textiles. With the advent of more intricate fabric styles, faster loom speeds and an abundance of difficult-to-weave cotton and synthetic fiber blends, sizes such as polyvinyl alcohol have become more acceptable to the industry in spite of their higher cost.

During the past year, National™ 1700 was introduced for use in conjunction with polyvinyl alcohol to reduce weaving costs. This starch derivative exhibits unique solution and film compatibility while providing maximum yarn protection, ease of preparation and weave room cleanliness. Unlike other starches, it can be removed from the fabric simply and without the use of enzymes.

Paper and Paperboard Production

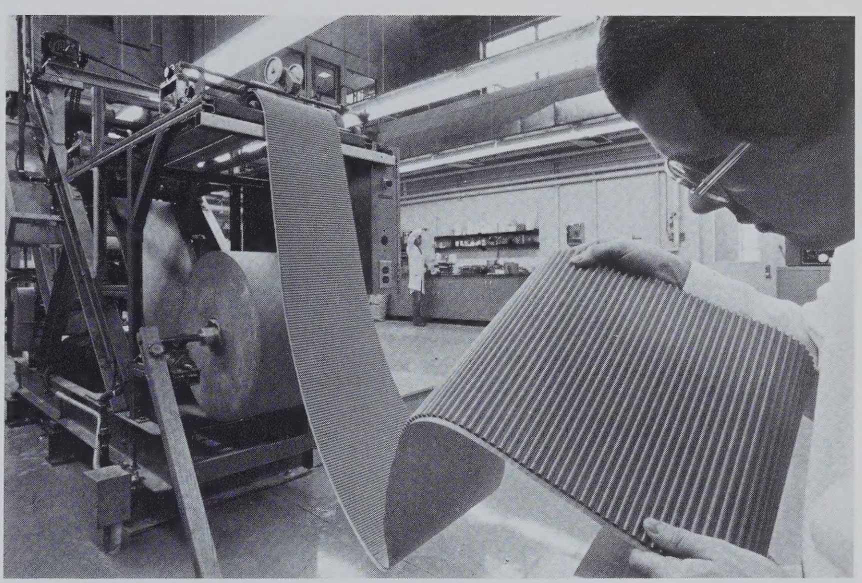
Several trends in the paper industry have provided new opportunities for some of our standard products such as the Cato® starches and Natron.®

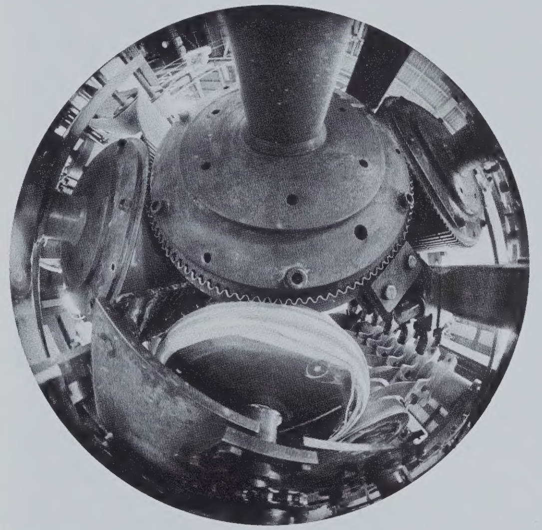
For example, the high cost of new linerboard capacity has led the industry to try to obtain maximum production from existing equipment. At the same time, the industry is using more waste fiber and higher yield pulps which, while providing lower costs and the best possible fiber utilization, can reduce bond strength. Under these conditions, Cato, which provides the needed strength and Natron, which provides drainage improvement and easier drying, have found increased opportunities.

Similarly, manufacturers of fine paper have been able to use Cato to counter the rising costs of softwood fiber by permitting the use of lower cost, lower quality pulps or of inexpensive extenders such as clay, without lowering the strength of the sheet. Our cover photograph illustrates the ability of Cato to retain inert filler on the fiber.

Paper Coating

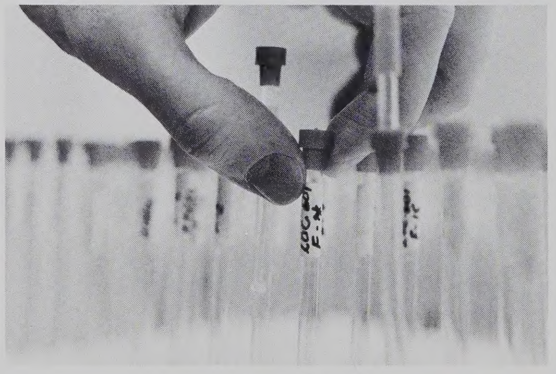
During 1975, the company introduced a vinyl acetate copolymer, Resyn® 1703, which stabilizes reactive calcium carbonate coating





Technician (above) examines experimental "single face" board produced on National's pilot corrugator.

Fish eye view shows corrugator roll cluster where board is formed and adhered under high temperature and pressure.



Quantitative and qualitative analysis (above) of polymers and other organic chemicals is performed by nuclear magnetic resonance spectrometry.
Polymer sample ready for analysis.

colors used in web offset grade paper. The primary function of this product is to prevent unwanted build-up which can slow the operation and result in a poor finished product. By controlling the chemical stability of the raw materials, Resyn 1703 all but eliminates this build-up.

Cosmetics

We have supplied specialty polymers for hair care products for many years. Amphomer,® a rather special hair spray resin, was introduced several years ago to meet a performance concept developed after lengthy interviews with major domestic and foreign cosmetic marketers. It provides outstanding curl holding characteristics at lower solids levels with no reduction in quality, and frequently, with improved performance.

Another advantage of Amphomer is that it can be used in the newer pump and non-fluorocarbon aerosol dispensing systems, which, with the movement away from traditional aerosol systems, is now of particular importance.

Nonwoven Binders

Although the nonwoven industry had a sluggish year, several new polymer binder systems became more significant due to increased use of polyester fiber for both disposable and durable applications. Since the polyester surface is difficult for conventional nonwoven binders to adhere and web strength suffers if specially designed binders are not used, our X Link™ and Nacrylic™ latex binder systems became increasingly important. These binders, used for polyester interlinings, diaper facings, wipes and hospital products, have exhibited higher strength at equivalent "hand" and softness. Nacrylic flushable binders continued showing significant growth in sanitary products such as bathroom tissue and sanitary napkins where a combination of strength, softness and rapid water dispersibility is important.

Food Specialties

National has a continuing research program devoted to the development and improvement of food starches and other food intermediates with functional properties required by manufac-

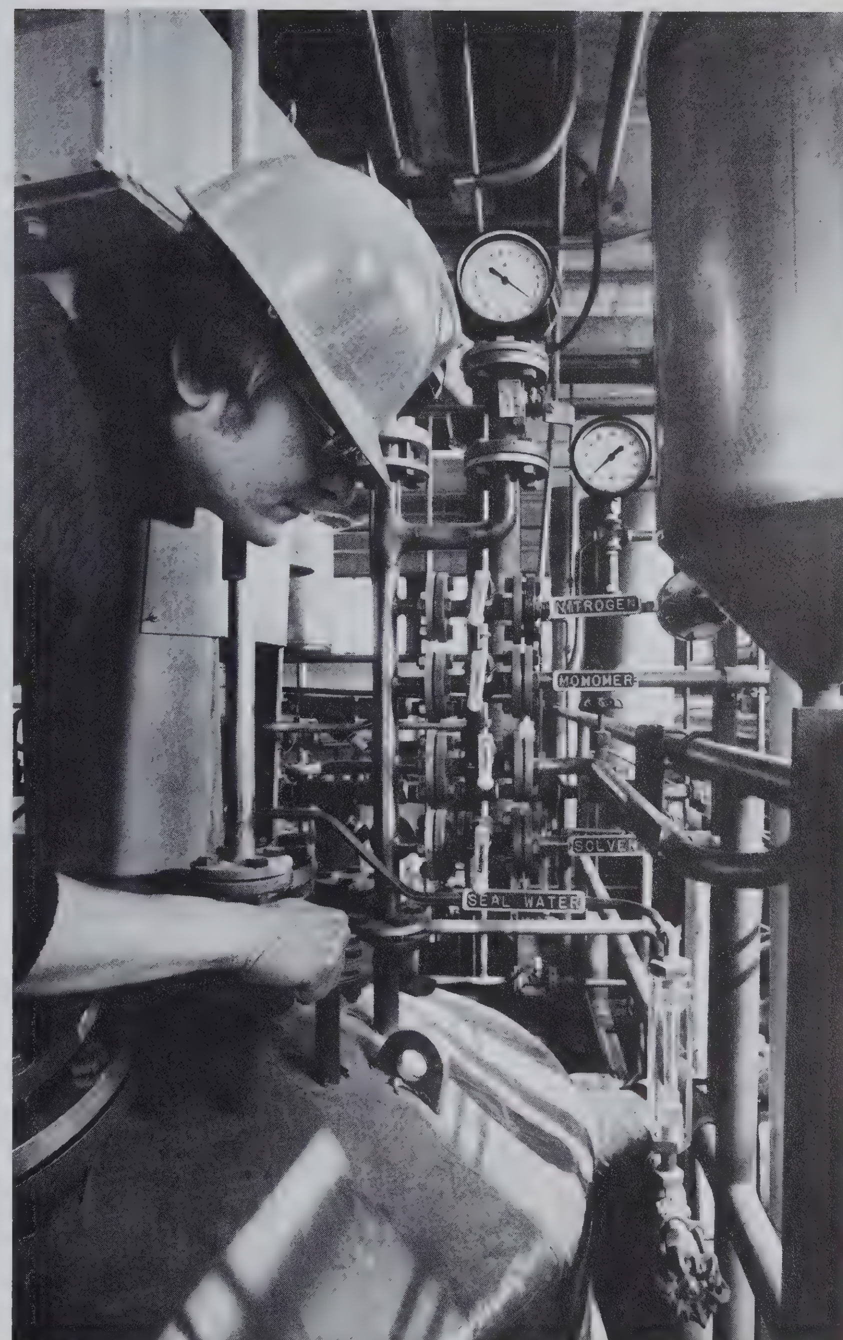
turers of canned, frozen, dry and baked foods.

An important part of this program has been the development of specialty corns through seed breeding research. Such specialty corns yield starches with properties different from those obtained from regular corn and in the area of food starches, the properties of starches derived from waxy maize corn are particularly useful. Currently, our most important food starches are waxy maize products. Adding to our capability in this area, in 1974, we acquired a majority interest in Customaize, Inc., a small midwestern hybrid corn breeder and seed grower.

Using waxy maize starch technology as a base, we developed the first commercial low-temperature-stable starches. These products not only permit the production of high quality frozen foods but also stabilize canned foods during storage. One of the starches based on this original patented work, Col Flo® 67, is still one of our most important specialty food starches. More recent patents have been the foundation for the commercial success of a variety of food starches used for the encapsulation of volatile and non-volatile flavor oils, oils and emulsion systems.

Another area of food technology which has been important to us over recent years is our work with pulpy texturized starches. These products improve the texture or "mouth feel" of a food product and impart a more natural appearance. Our first products in this area were Textaid® and Instant Textaid®

Our experience in the development of these products ultimately led to the development of one of our most successful food intermediates, Tom-Ex® This product helped food processors cope with a shortage of tomatoes in 1974. Since its introduction, a variety of grades have been developed and original markets in dry mix sauces and gravies, frozen pizzas and salad dressings have been extended into canned foods, frozen dinners and soups. Introduction into international markets has also contributed to the continuing growth of this group of products.



Project supervisor monitors chemical reactor in pilot plant.

Consolidated Statement of Income

For the year ended December 31,		1975	1974
Net sales		**$282,223,505**	$274,716,743
Cost of sales		**204,424,208**	202,671,264
	Gross profit	**77,799,297**	72,045,479
Selling, general and administrative expense		**42,809,707**	39,481,857
	Operating income	**34,989,590**	32,563,622
Interest charges—net		**3,078,265**	2,568,071
Other charges—net		**405,014**	425,002
	Income before taxes from consolidated operations	**31,506,311**	29,570,549
Provision for federal, foreign and state income taxes		**14,783,856**	13,499,353
	Income after taxes from consolidated operations	**16,722,455**	16,071,196
Equity in net earnings of foreign joint ventures		**1,779,955**	2,272,543
	Net income	**18,502,410**	18,343,739
Preferred stock dividend requirement		**-0-**	107,975
	Net income applicable to common stock	**$ 18,502,410**	$ 18,235,764
Net income per share of common stock:	Primary	**$2.84**	$2.82
	Fully diluted	**$2.78**	$2.82

Note: The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

Consolidated Statement of Shareholders' Equity

For the two years ended December 31, 1975	Preferred Stock	Common Stock	Paid-in Capital	Retained Earnings	Treasury Stock
Balance, Jan. 1, 1974	$ 97,678	$3,166,338	$42,968,342	$57,827,613	$(1,813,394)
Net income—1974				18,343,739	
Cash dividends— Preferred $1.125 per share				(107,975)	
Common $.76 per share				(4,870,252)	
Stock issued under option and purchase plans		5,068	469,441		
Conversion of preferred stock	(97,678)	113,088	(15,646)		
Balance, Dec. 31, 1974	—	**3,284,494**	**43,422,137**	**71,193,125**	**(1,813,394)**
Net income—1975				**18,502,410**	
Cash dividends— Common $.80 per share				**(5,210,739)**	
Stock issued under incentive, option and purchase plans		**19,582**	**1,025,025**		**2,664**
Balance, Dec. 31, 1975	**$ —**	**$3,304,076**	**$44,447,162**	**$84,484,796**	**$(1,810,730)**

Note: The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

Assets	December 31,	1975	1974
Current Assets:	Cash and temporary investments	$ 19,237,734	$ 7,441,241
	Accounts receivable less allowances: 1975—$766,862 1974—$640,312	38,680,195	34,663,965
	Inventories:		
	Finished goods	20,805,512	21,975,653
	Raw materials and supplies	21,210,260	24,523,767
	Total Current Assets	99,933,701	88,604,626
Investments		11,699,883	7,679,180
Property at cost:	Land	4,193,506	4,283,999
	Buildings and improvements	42,452,386	35,441,956
	Equipment	102,333,311	89,852,666
	Construction in progress and other	8,939,701	11,636,126
	Total	157,918,904	141,214,747
	Less accumulated depreciation and amortization	66,549,503	60,636,414
	Property—net	91,369,401	80,578,333
Other Assets		11,243,324	8,524,556
		$214,246,309	$185,386,695

Liabilities	December 31,	1975	1974
Current Liabilities:	Notes payable	$ 2,294,840	$ 2,500,826
	Long term debt due within one year	2,215,421	2,756,741
	Accounts payable	13,074,695	14,033,100
	Accrued taxes	7,974,395	6,149,772
	Accrued expenses	6,636,100	7,085,347
	Total Current Liabilities	32,195,451	32,525,786
Long Term Debt Maturing After One Year		41,483,202	28,924,008
Deferred Income Taxes and Other Credits		10,142,352	7,850,539
Shareholders' Equity:	Common stock—$.50 par value; authorized 8,000,000 shares; shares issued, 1975—6,608,152, 1974—6,568,987	3,304,076	3,284,494
	Paid-in capital	44,447,162	43,422,137
	Retained earnings	84,484,796	71,193,125
	Total	132,236,034	117,899,756
	Less treasury stock at cost—common shares, 1975—66,283, 1974—66,022	1,810,730	1,813,394
	Total Shareholders' Equity	130,425,304	116,086,362
		$214,246,309	$185,386,695

Note: The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

Consolidated Statement of Changes in Financial Position

For the year ended December 31,		1975	1974
Working Capital Provided:	Operations:		
	Net income	**$18,502,410**	$18,343,739
	Add charges (deduct credits) not affecting working capital		
	Depreciation and amortization	**6,943,868**	6,322,775
	Deferred taxes and other credits	**2,291,813**	2,077,029
	Equity in undistributed earnings of foreign joint ventures	**(943,401)**	(1,803,591)
	Working capital provided from operations	**26,794,690**	24,939,952
	Long term debt—new	**29,305,416**	26,324,154
	Common stock issuances and sales	**1,044,606**	474,273
	Proceeds from sale of fixed assets	**1,925,966**	640,146
	Total	**59,070,678**	52,378,525
Working Capital Used:	Purchase of fixed assets	**19,145,332**	20,761,770
	Purchase of intangibles and other assets	**3,086,201**	311,024
	Investments	**3,044,609**	924,045
	Cash dividends	**5,210,739**	4,978,227
	Long term debt—reduction	**16,746,222**	10,455,991
	Other—net	**178,165**	859,430
	Total	**47,411,268**	38,290,487
Increase in Working Capital		**$11,659,410**	$14,088,038

Increase (Decrease) in Working Capital Consisted of:	Cash and temporary investments	**$11,796,493**	$ (44,678)
	Accounts receivable	**4,016,230**	6,421,688
	Inventories	**(4,483,648)**	12,016,238
	Notes payable	**205,986**	(684,112)
	Long term debt due within one year	**541,320**	1,339,047
	Accounts payable	**958,405**	(2,903,557)
	Accrued taxes and expenses	**(1,375,376)**	(2,056,588)
Increase in Working Capital		**$11,659,410**	$14,088,038

Note: The accompanying Notes to Consolidated Financial Statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of the company and all active subsidiaries. Investments in foreign joint ventures, which are principally 50% owned, are accounted for under the equity method.

Foreign Currency Translations: Assets and liabilities of foreign subsidiaries and joint ventures are translated into United States dollars at the exchange rates in effect at year end, except for Investments, Property and Other Assets, which are translated at historical exchange rates. Income and expense accounts are translated at average exchange rates for the year, except for depreciation and amortization accounts, which are translated on the same basis as the related asset accounts. Balance sheet translation gains in excess of losses are deferred (See Note 2).

Inventories: Inventories are stated at the lower of cost or market. Effective as of January 1, 1974, the cost of most domestic inventories was determined on the last-in, first-out method, a change from the previously used first-in, first-out and average cost methods of valuation. The cost of the remaining domestic and all foreign inventories continued to be determined on the first-in, first-out and average cost methods of valuation.

Property: Major renewals and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. At the time of the disposal of fixed assets, the cost and related accumulated depreciation amounts are removed from the accounts and any resultant gain or loss is included in income.

Depreciation: Property acquired in 1968 and thereafter has generally been depreciated on a straight line basis. Property acquired prior to 1968 has generally been depreciated on accelerated bases, principally the double declining balance method.

Income Taxes: Deferred income taxes are provided to account for timing differences between financial and taxable income, relating principally to depreciation. In accordance with past and intended continued practices of reinvestment, United States income taxes have generally not been accrued to any significant extent in connection with the unremitted accumulated earnings of subsidiaries and joint ventures. United States investment tax credits are taken as reductions of income tax expense in the year that the related properties are acquired.

Intangibles: Goodwill in connection with acquisitions initiated subsequent to October 31, 1970 is being amortized over a 40-year period on a straight line basis. Goodwill acquired prior to that date has not been amortized and will be written off only when diminution in value is shown. Acquired patents and formulas are amortized over the period of their useful lives.

Retirement Plans: Pension costs are generally accrued and funded based upon actuarial studies or contract provisions. Prior service costs are amortized over 30 years.

2. Translation Gains and Losses

Statement of Financial Accounting Standards No. 8, "Accounting for the Translation of Foreign Currency Transactions and Foreign Currency Financial Statements," which became effective as of January 1, 1976, will require restatement in 1976 of prior years' financial statements, primarily to reflect balance sheet translation gains in income on a current basis. Inasmuch as it is not practicable to restate years prior to 1975, the company will continue to apply prior years' of deferred gains ($520,000 or $.08 per share under the new rules) against 1975 losses, but they will be separately categorized as a cumulative effect of an accounting change.

3. Acquisitions

In 1975, the company acquired 100% of the stock of two companies and increased to 100% its holdings of another company for an aggregate consideration of approximately $3,500,000. The company and its subsidiaries acquired, in 1974, approximately 63% of the stock of one company and all the stock of another company for an aggregate consideration of approximately $500,000, with additional consideration (not as yet calculable) payable contingent on future earnings. These acquisitions are all accounted for by the purchase method. The operations of these businesses are included in the accompanying Consolidated Statement of Income from their respective

dates of purchase. The effect of acquisitions accounted for by the purchase method on consolidated net sales and net income for 1975 and 1974 is not significant.

In March, 1974, the company issued 110,000 shares of its common stock, in a pooling of interests transaction, for all the outstanding stock of Ablestik Laboratories. Sales and net income of Ablestik Laboratories, included in 1974 results of operations for the period from January, 1974 to the date of acquisition in March, 1974, are not material.

4. Other Assets

Included in Other Assets are:

	1975	1974
Stock grants at amortized value (See Note 8)	**$ 347,686**	$ 421,300
Goodwill, prior to October 31, 1970	**1,869,460**	1,869,460
Goodwill, subsequent to October 31, 1970	**7,515,477**	5,150,141
Other	**1,510,701**	1,083,655
Total	**$11,243,324**	$8,524,556

Goodwill amortization amounted to $131,227 and $140,306 for 1975 and 1974, respectively.

5. Long Term Debt

Long term debt consists of the following:

	1975	1974
5¾% convertible subordinated debentures due June 30, 2000	**$25,000,000**	$ —
Insurance company loan, 9⅞%, payable in equal annual installments from 1980 to 1989	**10,000,000**	10,000,000
7% pollution abatement financing, payable in equal annual installments from 1981 to 1985	**1,750,000**	—
Note, 7%, payable in equal annual installments to 1978	**1,875,000**	2,500,000
Installment obligation, 7%, payable in varying annual amounts to 1978	**2,842,890**	—
Note, 4%, payable in 1975	—	875,000
Bank loans, on revolving credit basis, at prime rates	—	16,000,000
Other long term debt	**2,230,733**	2,305,749
Total	**43,698,623**	31,680,749
Less current maturities	**2,215,421**	2,756,741
Long term debt maturing after one year	**$41,483,202**	$28,924,008

The 5¾% convertible subordinated debentures are redeemable in whole or in part at the company's option at 105.75% to June 29, 1976 with decreasing premiums thereafter. Sinking fund payments of $1,000,000 per annum commence in 1986. The debentures are convertible at $47.625 per share into 524,934 common shares.

Under the terms of the insurance company and pollution abatement financing, dividend payments on the company's stock, other than stock dividends, are subject to certain restrictions. The most restrictive of these limits dividends and certain investments to $10,000,000 plus the consolidated net income of the company and its domestic and Canadian subsidiaries accumulated subsequent to December 31, 1973. On December 31, 1975, the unrestricted amount available for dividends and restricted investments is $26,994,697.

The company is required under the terms of the agreements to maintain working capital at not less than 175% of defined current liabilities, both individually and on a consolidated basis. These requirements are being met.

6. Preferred Stock

In 1974, 97,678 shares of preferred stock, convertible series A, were converted at a conversion price of $43.1859 per share into 226,176 shares of common stock.

7. Foreign Operations

Foreign assets and liabilities included in the consolidated statements are as follows:

	1975	1974
Current assets	**$29,080,964**	$31,450,546
Fixed assets—net	**24,005,613**	17,422,162
Investments and other assets	**14,062,644**	11,286,015
Total assets	**$67,149,221**	$60,158,723
Current liabilities	**$21,856,619**	$25,056,494
Other liabilities	**8,376,402**	3,809,737
Total liabilities	**30,233,021**	28,866,231
Equity	**36,916,200**	31,292,492
Total liabilities and equity	**$67,149,221**	$60,158,723

The net sales of foreign subsidiaries and net income of foreign subsidiaries and joint ventures included in the consolidated statements are as follows:

	1975	1974
Sales	**$72,973,562**	$73,455,806
Net Income	**$ 5,389,531**	$ 7,514,149

The net income for 1975 (above) reflects balance sheet translation losses of $386,000 in excess of reserves.

8. Stock Plans

Transactions under the company's 1965 Stock Option Plan for Key Management Employees are summarized as follows:

	Shares	
	1975	1974
Under option, January 1	**89,093**	56,227
Granted	—	35,900
Exercised ($23.34 to $30.48 per share in 1974 and $23.34 in 1975)	**(26,693)**	(3,034)
Expired	**(500)**	—
Under option, December 31 ($23.34 to $58.00 per share in 1974 and $35.50 to $58.00 in 1975)	**61,900**	89,093
Exercisable	—	26,693

All options under the 1965 Plan were granted at option prices equal to 100% of market value at the respective dates of grant. In April, 1975, the 1965 Plan expired except as to outstanding options. The company adopted the 1975 Stock Option Plan for Key Management Employees in 1975, which provides that options may be granted at a price not less than the market value of the stock on the date the option is granted. There were no transactions under this Plan in 1975.

The company also has made periodic Employee Stock Purchase Plan offerings, which for 1975 and 1974 are summarized as follows:

	Shares	
	1975	1974
Under subscription, January 1	**15,000**	7,102
New subscriptions (per share $34.625)	—	15,000
Issuances	**(12,472)**	(7,102)
Cancellations	**(2,528)**	—
Under subscription, December 31	—	15,000

In addition, on December 31, 1975 and December 31, 1974, there are outstanding 24,876 shares and 25,821 shares, respectively, of the company's common stock, restricted in various ways for varying periods, granted to certain key employees in 1969 and 1971, pursuant to the company's Stock Ownership Incentive Plan. The aggregate market value at the time of the grant of these shares was charged to Other Assets and is being amortized over a period considered appropriate, taking into account the years of future service estimated to be rendered by such employees.

Also, on December 31, 1975 and December 31, 1974, there are outstanding 5,600 Award Units under the Stock Ownership Incentive Plan, pursuant to which there is issuable on November 4, 1979, a number of shares of common stock having a value equal to the excess, if any, of the market value of 5,600 shares of common stock on November 4, 1979 over $38.50 per share.

9. Research and Development

Research and development expenses, as defined by the Statement of Financial Accounting Standards No. 2 effective for 1975, are $5,796,192 for 1975 and approximately $5,400,000 for 1974.

10. Income Taxes

The provision for federal, foreign and state taxes on income includes the following:

	1975	1974
Current, before investment tax credit	**$12,589,737**	$11,585,417
Less: investment tax credit	**699,284**	475,737
Current	**11,890,453**	11,109,680
Deferred	**2,893,403**	2,389,673
Total	**$14,783,856**	$13,499,353

The cumulative amount of undistributed earnings of the company's subsidiaries, joint ventures (company share) and its domestic international sales corporation is approximately $45,700,000 at December 31, 1975.

11. Retirement Plans

The company has several pension plans under which substantially all of its employees are eligible for coverage. The assets of the pension funds, in the aggregate, exceed the actuarially computed value of vested benefits for all plans as of the latest valuation dates. In addition to these plans, certain subsidiaries have plans but their combined cost is not a significant portion of consolidated pension expense, which is $2,247,197 and $1,962,488 for 1975 and 1974, respectively.

Under the Employee Retirement Income Security Act of 1974, the company's compliance with most of the Act's requirements is not required until after December 31, 1975, and it is estimated that the new Act will have no material effect on the company's future annual pension costs.

12. Net Income Per Share of Common Stock

Primary earnings per common share for 1975 and 1974 are based on the weighted average number of shares of common stock (6,512,851 and 6,423,738, respectively) and common stock equivalents (13,334 and 90,530, respectively) outstanding during each year.

Fully diluted earnings per common share for 1975 have been similarly calculated, except that the 5¾% convertible subordinated debentures are treated as if converted at the date of issuance, July 15, 1975.

13. Contingent Liabilities

Certain claims are pending against the company; however, in the opinion of the company, these matters are not expected to have a significant effect on its consolidated financial statements.

Main Lafrentz & Co.
Certified Public Accountants
280 Park Avenue, New York, N.Y. 10017

To The Board of Directors and Shareholders of
National Starch and Chemical Corporation

We have examined the consolidated balance sheet of National Starch and Chemical Corporation and subsidiary companies as of December 31, 1975 and 1974, and the related consolidated statements of income, shareholders' equity and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of certain subsidiaries, which statements reflect total assets, sales and net income constituting approximately 13%, 16% and 10% (1975) and 14%, 15% and 15% (1974), of the related consolidated totals. These statements were examined by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included for such subsidiaries, is based solely upon the reports of the other auditors.

In our opinion, based upon our examinations and the reports of other auditors, such statements present fairly the consolidated financial position of National Starch and Chemical Corporation and subsidiary companies at December 31, 1975 and 1974, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Main Lafrentz & Co.
February 23, 1976

1975 vs 1974

Sales increased 2.7 percent in 1975 from 1974. Average unit revenue increased approximately 12 percent and unit volume declined about 9 percent, reflecting depressed economic conditions. Net income was only fractionally higher in 1975 than in 1974, although domestic net income was up about 21% and foreign net income, which had been unusually high in 1974, was down 23% before balance sheet translation losses amounting to $386,000 in excess of reserves.

Among the larger percentage changes in expense items, interest expense was up about 25%, from $2,808,000 to $3,520,000, due to increased borrowings. Interest income, however, increased from $240,000 to $442,000, reflecting primarily the investment of temporarily excess funds. Depreciation expense increased 10% because of the much higher expenditures for fixed assets incurred in recent years. Repair and maintenance expense declined 11% from the high levels of 1974.

1974 vs 1973

In 1974, net sales increased $61,177,000, or 28.6%, over 1973, the entire increase in sales being accounted for by price increases reflecting rapid increases in the costs of chemical raw materials and of corn, and by product-mix changes. Net income, which increased in 1974 by $945,000, or 5.4%, over 1973, was adversely affected in 1974 by rapid increases in raw material costs, by the continuation into 1974 of Phase IV limitations on recapturing cost increases, and by a noticeable drop in U.S. unit sales in November and December. Major favorable factors were the greatly improved earnings from consolidated foreign operations, which contributed 29% of 1974 net income compared with 19% in 1973, and from the company's equity in the net earnings of foreign joint ventures, which contributed 12% of 1974 net income compared with 9% in 1973. Net income was reduced by $3,400,000, or $.52 per common share in 1974 by the adoption, as of January 1, 1974, of the last in, first out (LIFO) method of valuing most domestic inventories.

Among the larger percentage changes in expense items in 1974 from 1973, interest charges increased $1,452,000, or 107%, due to higher interest rates and higher outstanding debt; expense for research and development and related activities increased $1,106,000, or 11.5%, mainly as a result of higher salaries and operating costs; repair and maintenance expenses increased $1,391,000, or 32.1%, reflecting the impact of inflation on the cost of maintaining more fixed assets; and taxes, other than income taxes, increased by $688,000, or 22%, largely because of the increase in FICA costs resulting from the increase in the Social Security base and because of higher property taxes.

Operating Results By Quarters

		Net Sales (1000)	Net Income (1000)	Earnings per Common Share: Primary	Earnings per Common Share: Fully Diluted	Cash Dividend per Common Share	NYSE Common Stock Closing Market Price Range: High	Low
1974	1st	$62,213	$3,941	$.60	$.60	$.19	$56½	$49⅜
	2nd	69,314	5,070	.78	.78	.19	55½	47¼
	3rd	72,485	4,741	.73	.73	.19	46¾	33
	4th	70,705	4,591	.71	.71	.19	40½	30¼
1975	**1st**	**64,586**	**3,254**	**.50**	**.50**	**.20**	**44**	**30½**
	2nd	**67,711**	**4,709**	**.72**	**.72**	**.20**	**46½**	**38¾**
	3rd	**72,983**	**4,693**	**.72**	**.70**	**.20**	**44½**	**39**
	4th	**76,944**	**5,846**	**.90**	**.85**	**.20**	**44½**	**40**

Ten Year Summary of Financial Information

All data in thousands, or thousands of dollars, except for current ratio and per share data.

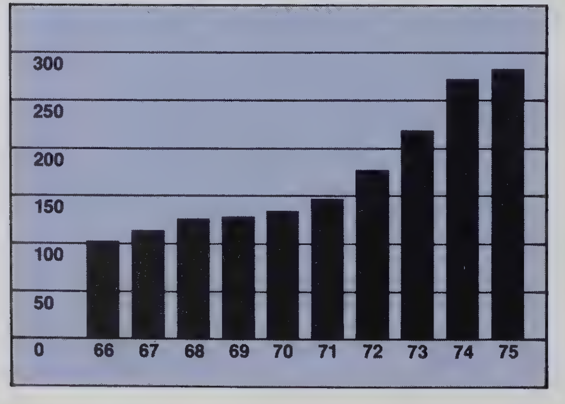
Summary of Operations	1975	1974	1973
Net Sales	**282,224**	274,717	213,540
Gross Profit	**77,799**	72,045	67,849
Operating Income	**34,990**	32,564	32,075
Interest Charges	**3,520**	2,808	1,356
Income before Taxes from Consolidated Operations	**31,506**	29,571	29,998
Provision for Income Taxes	**14,784**	13,499	14,091
Income after Taxes from Consolidated Operations	**16,722**	16,072	15,907
Net Income	**18,502**	18,344	17,399
Per Common Share*:			
Net Income — Primary**	**$2.84**	$2.82	$2.67
Cash Dividends Paid	**$ .80**	$ .76	$ .66
Average Common Shares Outstanding*	**6,526**	6,514	6,510
Financial Position and Other Statistics			
Current Assets	**99,934**	88,605	70,211
Current Liabilities	**32,195**	32,526	28,221
Working Capital	**67,739**	56,079	41,990
Current Ratio	**3.1 to 1**	2.7 to 1	2.5 to 1
Depreciation	**6,624**	6,027	5,629
Capital Additions	**19,145**	20,762	13,223
Property, Net of Depreciation	**91,369**	80,578	65,731
Long Term Debt	**41,483**	28,924	13,056
Common Shareholders' Equity	**130,425**	116,086	92,479
Equity per Common Share	**$ 19.94**	$ 17.85	$ 14.76
Pension Expenses	**2,247**	1,962	1,340
Investment Tax Credits	**699**	476	324

*Adjusted for 5% stock dividend in 1968 and 1972, and 3 for 2 distribution in 1969. Average common shares outstanding for 1973-1975 include common equivalent shares.

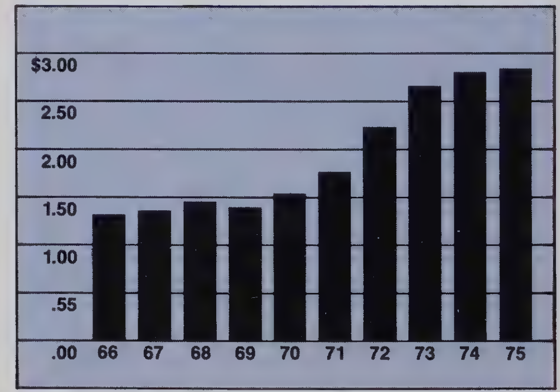
**On a fully diluted basis net income is the same in each year except for 1975, in which year the amount is $2.78.

Net Sales

In millions of dollars



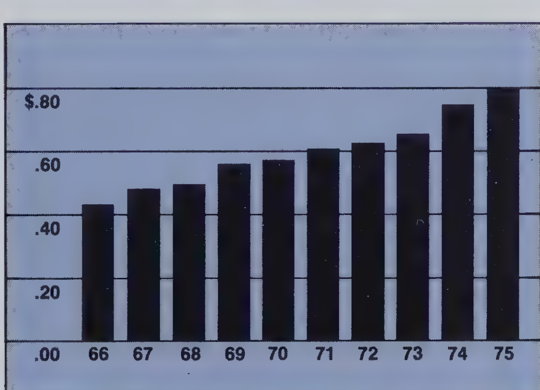
Earnings Per Common Share



1972	1971	1970	1969	1968	1967	1966
175,638	149,338	134,941	128,058	125,631	111,883	105,200
55,954	46,414	42,089	39,502	40,412	33,472	31,958
25,155	20,678	18,455	16,900	19,021	14,379	14,180
814	967	1,807	1,499	881	784	433
23,906	19,373	16,877	15,828	17,883	13,925	13,896
11,269	9,246	8,028	7,861	8,984	6,496	6,513
12,637	10,127	8,849	7,967	8,899	7,429	7,383
14,110	11,193	9,711	8,533	9,334	7,923	7,829
$2.23	$1.76	$1.51	$1.33	$1.47	$1.31	$1.29
$ .63	$ .61	$ .57	$ .56	$ .50	$ .48	$ .42
6,118	6,101	6,101	6,081	6,045	6,054	6,052

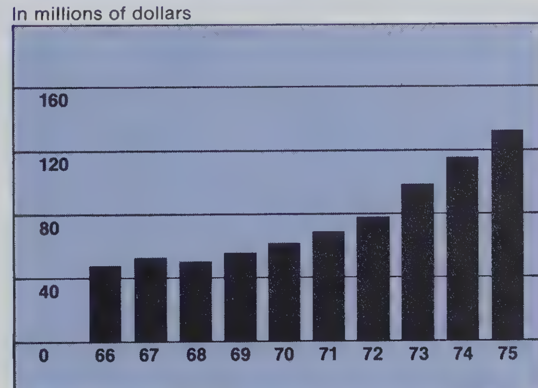
59,226	50,048	51,471	43,446	40,925	35,679	33,383
23,848	19,953	21,450	14,913	13,795	9,684	13,131
35,378	30,095	30,021	28,533	27,130	25,995	20,252
2.5 to 1	2.5 to 1	2.4 to 1	2.9 to 1	3.0 to 1	3.7 to 1	2.5 to 1
5,243	4,875	4,769	4,733	4,876	4,480	4,130
10,760	9,586	5,653	9,095	10,952	8,445	10,815
58,392	52,526	48,261	47,414	42,345	36,411	32,452
10,942	8,332	9,609	14,053	12,999	12,605	7,702
78,903	68,513	61,471	55,721	49,563	52,428	47,322
$ 12.84	$ 11.23	$ 10.08	$ 9.13	$ 8.20	$ 8.65	$ 7.82
1,361	965	791	682	633	641	530
344	58	117	378	438	419	304

Dividends Per Common Share



Shareholders' Equity

In millions of dollars



National Starch and Chemical Corporation, its domestic and foreign subsidiaries and foreign joint-ventures make and sell three categories of products: (1) adhesives and related products, (2) starches and related products and (3) chemical products. The estimated contribution of each product category to the company's consolidated sales in each of the five years through 1975 is shown below.

Foreign consolidated subsidiaries operate in Canada, England, Australia, Mexico, France and South Africa and unconsolidated joint-ventures operate in England, France, the Netherlands, West Germany, Mexico, Japan and Venezuela. New joint-ventures were established in 1975 and in early 1976 in Brazil (specialty starches) and in Iran (adhesives and chemicals). The contribution of foreign operations to total sales and earnings in the last five years is also shown below.

The company adds plant and equipment each year in order to provide greater capacity, improve efficiency, meet environmental standards and for other purposes. In 1975, the company's capital additions amounted to $19.1 million compared to $20.8 million in 1974. Important projects in 1975 included: renovation of Bridgewater facility; a new hot-melt plant and warehouse in Meredosia; particulate control and increased grain storage, dextrine and starch treatment capacity at Indianapolis; completion of the new adhesive and resin facility at Boucherville, Canada, near Montreal; expansion of our Canadian starch plant at Collingwood and relocation of our Melbourne adhesives facility in Australia.

Adhesives and Related Products

The company offers a broad line of adhesives and related products based on starch, primarily from corn, and on synthetic raw materials, primarily vinyl acetate polymers and copolymers but also including acrylics, neoprene, polyesters, polyamides, epoxies and other bases.

Major uses for the company's adhesives are general packaging (bottle, can and paper and plastic surface labeling, case and carton sealing and package wrapping) and paper converting (manufacture of envelopes, paper and plastic bags, boxes, cigarettes, paper cups, tubes and other paper and board constructions).

The company also produces adhesives used in manufacturing pressure-sensitive tapes, labels, decals and wall-coverings; laminating transparent films and foils; fabricating furniture and cabinets; bonding insulation and structural panels to interiors and exteriors of buildings and vehicles; repairing shoes, and applying insulation to industrial heating and air conditioning equipment, electric components, home appliances and automobiles, as well as for sound deadening.

National also manufactures: a complete line of sealants for glazing factory-built windows, assembling insulated glass and for other specialized construction uses; film adhesives for automotive, appliance, aircraft, nameplate, and other industrial uses. Through subsidiaries, the company manufactures pre-mixed high technology adhesives and potting compounds, primarily for the electronics industry, and "cure-on-command" adhesives for parts assembly.

In Canada, England, and Australia, the company makes a broad line of adhesives and related materials sold to consumers in small packages.

Starches and Related Products

The company extracts starch from standard and specialty corns by the wet-milling process (which involves grinding the corn kernel while wet and the separation of its starch and other components).Typically, the company modifies such starches, as well as imported tapioca starch, to make specialty products designed for a wide variety of end-uses. By-products, which are recovered in the corn wet-milling process and sold, include unrefined corn oil and gluten feed and meal.

The largest users of the company's starch products are the food industry (as stabilizers, texturizers, and processing aids), the paper industry (principally as binders, sizes, and production aids in the paper-making process), and companies which use starch products for corrugating and for packaging, paper converting and other adhesive applications. Other markets include the textile, pharmaceutical, and pet food industries. Through subsidiaries, the company also makes and sells a line of food intermediates, seasonings and flavors and also

grows and sells to farmers regular hybrid corn seed and some varieties of waxy corn seed.

Chemical Products

The company manufactures a wide variety of vinyl acetate and other types of polymers and copolymers, both for use by the company in its production of formulated adhesives and for sale to such markets as the paper, cosmetic, textile and building products industries. The company is a major supplier of specialty polymers for hair sprays, and of cationic polyelectrolytes to the paper industry as production aids and for effluent treatment, of binders for nonwoven fabrics and other products for specialized end-uses. Through subsidiaries, the company also produces textile finishing chemicals, specialty chemicals for yarn and carpet manufacturers, and a variety of proprietary organic chemicals and custom-manufactured chemicals for other companies. In Canada, the company makes and sells, in small packages, formulated products for coating, repair and upkeep of concrete and masonry floors and walls and a line of wood stains and coatings.

Percentage Distribution of Consolidated Sales

	1975	1974	1973	1972	1971
Adhesives & Related Products	**40%**	39%	40%	40%	36%
Starches & Related Products	**39%**	40%	38%	37%	42%
Chemical Products	**21%**	21%	22%	23%	22%
	100%	100%	100%	100%	100%

Net Sales and Net Income, U.S. and Foreign Consolidated Operations and Foreign Joint Ventures

Net Sales (in 1000)	**1975**	1974	1973	1972	1971
U.S. Consolidated	**$209,250**	$201,261	$161,799	$136,648	$120,986
Foreign Consolidated	**72,974**	73,456	51,741	38,990	28,352
Total Consolidated	**282,224**	274,717	213,540	175,638	149,338
Joint-Ventures (Company Share)	**37,233**	33,095	22,910	19,450	16,377
Total	**$319,457**	$307,812	$236,450	$195,088	$165,715
Net Income (in 1000)					
U.S. Consolidated	**$ 13,112**	$ 10,830	$ 12,654	$ 10,729	$ 8,252
Foreign Consolidated	**3,996**	5,241	3,253	1,907	1,875
Total Consolidated	**17,108**	16,071	15,907	12,636	10,127
Joint-Ventures (Company Share)	**1,780**	2,273	1,492	1,474	1,066
Total	**$18,888***	$18,344	$17,399	$14,110	$ 11,193

*Does not include balance sheet translation losses of $386,000 in excess of reserves.

Directors and Officers

Directors

Frederick L. Bissinger
Retired Vice Chairman, Allied Chemical Corporation (Manufacturer of Chemicals and Other Products); Lawyer and Consultant

*__Carlyle G. Caldwell__
President and Chief Executive Officer

*†**Henry A. Correa**
President, ACF Industries, (Manufacturer of Transportation Equipment and Other Products)

*__Frank K. Greenwall__
Chairman of the Executive Committee

Ebon C. Jones
Senior Vice President, Owens-Illinois, Inc. (Manufacturer of Glass Containers and Other Products)

†**Gustav O. Lienhard**
Chairman of the Board of Trustees, The Robert Wood Johnson Foundation (Charitable Foundation)

Robert W. Merritt
Executive Vice President

*__Donald D. Pascal__
Chairman of the Board

†**Oscar M. Ruebhausen**
Partner, Debevoise, Plimpton, Lyons & Gates (Law Firm)

S. A. Segal
Vice President

Sidney F. Thune
Executive Vice President

Honorary Directors

Edward B. Conway
Formerly Director of the company

John F. Fitzgerald
Formerly Vice President and Director of the company

William A. Mitchell
Retired, Formerly Chairman, The Central Trust Co., Cincinnati, Ohio and formerly Director of the company

Berkley V. Schaub
Formerly Vice President and Director of the company

†Member of Audit Committee
*Member of Executive Committee

Officers

Donald D. Pascal
Chairman of the Board

Carlyle G. Caldwell
President and Chief Executive Officer

Frank K. Greenwall
Chairman of the Executive Committee

Robert W. Merritt
Executive Vice President, Starch Division

Sidney F. Thune
Executive Vice President, Adhesive and Resin Divisions

S. A. Segal
Vice President, Administration and Finance

Harold R. Sampson
Vice President, Employee Relations and Secretary

A. G. Battaglia
Vice President

Robert A. Bintz
Vice President

J. Donald George
Vice President

Wallace K. Grubman
Vice President

Francis L. Murphy
Vice President

Robert B. Albert
Treasurer and Controller

Herbert J. Baumgarten
Assistant Vice President and Counsel

John C. Clay
Assistant to the Chairman of the Board

Robert A. DeWolfe
Assistant Vice President

Nicholas G. Marotta
Assistant Vice President

William H. Stone
Assistant Vice President

General Counsel
Debevoise, Plimpton, Lyons & Gates

Auditors
Main Lafrentz & Co.

Transfer Agent
Morgan Guaranty Trust Company of New York

Registrar
The Chase Manhattan Bank

10-K Available
A copy of the company's Annual Report for 1975 on Form 10-K, filed with the Securities and Exchange Commission, is available without charge to shareholders of the company. Requests should be addressed to: Treasurer, National Starch and Chemical Corporation, 10 Finderne Avenue, Bridgewater, New Jersey 08807.

Locations

Executive Offices and Technical Center
10 Finderne Ave., Bridgewater, N.J. 08807

Manufacturing and Customer Service Centers

Includes joint ventures and associated companies

Atlanta
Berkeley, CA
Bloomfield, NJ
Bridgewater, NJ
Buffalo
Canton, MA (Boston)
Chattanooga
Chicago
Cincinnati
Dallas-Ft. Worth
Dwight, IL
Elk Grove, IL (Chicago)
Gardena, CA (Los Angeles)
Haddonfield, NJ (Philadelphia)
Indianapolis
Long Mott, TX
Los Angeles
Memphis
Meredosia, IL
Minneapolis
Momence, IL
New York
No. Kansas City, MO
No. Miami Beach, FL
Paterson, NJ
Plainfield, NJ
Portland, OR
Salisbury, NC
St. Louis
San Francisco
Scotch Plains, NJ
Towaco, NJ
Whittier, CA (Los Angeles)

Melbourne, Australia
Sydney, Australia
Blumenau, Brazil
Bramalea, Canada (Toronto)
Collingwood, Canada
Boucherville, Canada (Montreal)
Lachine, Canada
Toronto, Canada
Vancouver, Canada
Battersea, England
Braunston, England
Goole, England
Manchester, England
Manor Park, England
Slough, England
Lestrem, France
Lille, France
Paris, France
Vecquemont, France
Villefranche, France
Speyer, Germany
Delft, Holland
Tehran, Iran
Chiba, Japan
Osaka, Japan
Tokyo, Japan
Guadalajara, Mexico
Mexico City, Mexico
Benoni So., South Africa
Caracas, Venezuela

In United States:
Ablestik Laboratories, Gardena, CA
Customaize, Inc., Momence, IL
Lutex Chemical Corporation, Inc., Chattanooga, TN
Pearl Chemical Company, No. Miami Beach, FL
Permabond International Corporation, New York, NY
Proctor Chemical Company, Inc., Salisbury, NC
Scientific Flavors, Inc., Scotch Plains, NJ
Seasonings, Inc., Elk Grove, IL

In Australia:
Inter-National Adhesives and Resins Pty., Ltd., Sydney

In Brazil:
Lorenz-National Industrial Ltda., Blumenau

In Canada:
Food Products Limited, Lachine
LEPAGE'S Limited, Bramalea, Ont.
Nacan Products Limited, Toronto and Collingwood, Ontario

In England:
Bondmaster Limited, Slough
Associated Adhesives Limited, Manor Park
Laing-National Limited, Manchester
National Adhesives and Resins Limited, Slough

In France:
Bericol-National, S.A., Villefranche
Roquette-National Chimie, Lille

In West Germany:
Delft-National Chemie GmbH, Speyer

In Holland:
Delft-National Chemie B.V., Delft

In Iran:
National Resin Corporation, Tehran

In Japan:
Kanebo-NSC, Ltd., Osaka
OJI-National Company, Ltd., Tokyo

In Mexico:
Aranal, S.A. de C.V., Guadalajara
NAMEX, S.A. de C.V., Mexico City

In South Africa:
Technical Adhesives & Chemical Products (Pty.) Ltd., Benoni South

In Venezuela:
Adhesivos y Gomas de Venezuela, C.A., Caracas

Annual Meeting
May 10, 1976
Bankers Trust Company
280 Park Avenue
New York, New York

National
Starch and Chemical Corporation